

Is there a yacht in your future?

A word about
your pension
from the
**Office of
Retirement
Services**

Who's ORS?

We are the **Office of Retirement Services**, and we're here to serve the people who serve our schools.

Our mission is to deliver pensions, related benefits, and services to ensure your future financial security.

ORS is an office within the state of Michigan's Department of Management and Budget.

Pretty good deal, huh?

ORS keeps records of all your contributions even if you change public school employers or work for more than one school district. Each payroll office forwards your personal MIP contributions to us and we invest those contributions to fund future retirement benefits. Each year we credit you with interest on contributions that have been held on account for one full year. And we tell you about it every year when we mail you a personalized **Member Statement of Account**. If you leave school service before you qualify for a pension, ORS can refund your **personal contributions** upon request.

In addition to member contributions, the pension fund is substantially supported by employer contributions. Each pay period, every public school employer contributes an amount based on its total monthly payroll. These dollars are also invested to fund future benefits.

Maybe not a yacht. But chances are, you've got some kind of dream for life after working. No matter what you see on that horizon, now's the time to start charting your course.

Plan for retirement—NOW???

You bet! When you were hired, your payroll officer set you up for the **Member Investment Plan (MIP)** pension deduction. All MIP members contribute to their pensions from the first day on the job. How much? Not very much—it ranges from 3¢ to 4.3¢ for every dollar you earn. After 10 years of public school employment, those few pennies get you not only a future pension, but all this:

- Disability protection while you're working.
- Insurances during your retirement years.
- Health insurance for your dependents if you die while you're an active (still working) employee.
- The option to choose pension and insurance benefits for a surviving dependent after you retire.



What's the soonest I could retire?

The earliest you could begin receiving a pension is age 46 if you have 30 years of service (**earned** and **purchased**). There are other combinations of age and service that let you to begin receiving a pension before age 60. There's more about this on our website:
www.michigan.gov/ors.

After you have earned credit for 10 years of service (this will take longer than 10 years if you work part-time), you will be eligible for a pension payment and insurances when you reach age 60. This is called **vesting**.

So, how much will I get? It depends on how long you work and how much you make.

The Pension Formula

FAC x 1.5% x YOS

Final Average Compensation Pension Factor Years Of Service

To find your final average compensation, we search your employment records to find the 36 consecutive months in which you made the most money, and divide that by three. Your years of service can include service you've earned, transferred, and purchased. Here's how your FAC and YOS figure in your annual pension amount:

\$25,000 x 1.5% x 10 years = \$3,750

\$40,000 x 1.5% x 20 years = \$12,000

\$56,000 x 1.5% x 30 years = \$25,200

Hmmmm. Will that cover my yacht payment? Most financial planners recommend that you plan (and save) to have a retirement income equal to 70 percent of your working income. Will your pension be enough? Will social security plus your pension be enough?

For most people the answer is no. That means you'll also need some personal savings. Some school employers offer tax-deferred savings plans—often called 403(b) plans. If your employer offers this kind of plan, your payroll officer will have more information about it. If not, you may want to consult a financial planning professional, and remember that it's never too early to begin investing for retirement.

What should I know about service credit? You're vested—guaranteed a pension—after you've worked 10 years. But the more years of service you have, the bigger your pension will be. For example, if you have a final average compensation of \$35,000 and 25 years of service, you will have an annual pension of \$13,125. Add five years and your pension jumps to \$15,750. Add five more and you're up to \$18,375.

Every day that you get up and go to work, you earn service credit. And every time you get paid, your school payroll officer reports your hours and wages to ORS.

Generally you will earn one year of service when you work 1,020 hours during the school year. But we can only credit you for up to 30 hours of service a week and up to 1 year of service per school year. ORS tracks your service throughout your public school working life and reports to you annually on your member statement.

Want to get there sooner? The more years of service you have, the sooner you can retire. Once you've worked a year, you can buy service credit or in some cases, transfer it. To pay for it, you can use cash, you can roll over funds from a qualified investment plan like a 401(k), or you can set up a tax-deferred payment (TDP) agreement with your employer.

If you think you want to buy service credit, check out our Enhancing Your Pension book. It explains all the different types of service that can be bought or transferred and how to go about paying for it. You can find it—and lots of other good information about your retirement plan—on the ORS website.

What happens to my money if I die?

When you were hired, your employer gave you a beneficiary nomination form. This form tells us what to do with your account and insurances if you die. This document is an important part of your financial planning. Read it carefully! If you decide to name a beneficiary, file the form with ORS, and keep a copy with your important papers. Talk to your family about your benefits. And as life keeps changing, you may need to update your beneficiary information every now and then. The form is on our website, so whenever you need to, print a copy and send us an updated form.

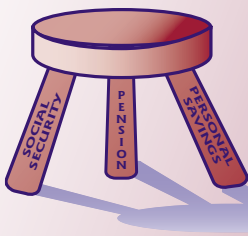
Sounds like a great plan! Now what?

You're launched on a new career, and that's your focus right now. But keep that horizon in mind—a secure financial future for you and your family. At least once a year (when you get your member statement is a good time), assess your plan and your progress, and adjust course if necessary.

And remember, ORS is here to help you navigate toward the retirement of your dreams, yacht or not.

Balance Your Plan

Financial planners will tell you that, like a 3-legged stool, a secure retirement depends on a balance of social security benefits and personal savings, in addition to your pension.



Here's What You Need to Do for Yourself

- * Set your retirement goals, and make a plan to reach your goals. Check your progress regularly.
- * Go to www.michigan.gov/ors to learn more about your pension plan.
- * Explore the advantages of buying service credit early in your career.
- * Save as much as you can, as soon as you can, ideally in your employer-sponsored 403(b) plan.
- * Read and save your annual member statement.

Here's What We'll Do for You

- * Keep track of your wages, service credit, and personal contributions no matter which public school you work for.
- * Send you a statement of your account totals each year.
- * Invest pension fund contributions to secure the future of your pension.
- * Keep track of your beneficiary designation.
- * Answer your questions so you can plan for the retirement of your dreams.

A few tools for navigating a secure financial future



At **www.michigan.gov/ors** you'll find a benefit estimator to figure your pension under different scenarios, plan updates, retirement seminar offerings, forms and publications, details on how to contact ORS, and lots more.



Read ***Your Retirement Plan: A Member Handbook*** for a plan overview, then check out ***Enhancing Your Pension: Earning and Purchasing Service Credit***. Both are on our website, or email us for a printed copy.



Email **ORSCustomerService@michigan.gov** with your questions. Our expert customer service staff can meet most of your needs quickly by electronic mail.



Write to us at **Office of Retirement Services, P.O. Box 30171, Lansing, MI 48909-7671**. This is where you should send your beneficiary nomination form, too.



Call us toll-free at **(800) 381-5111** (within the Lansing area, use **322-5103**) to speak with one of our friendly retirement information representatives.



Visit our **main office** at the corner of Harris Drive and Ricks Road in southwest Lansing between 8:30-5:00 weekdays. Or call (313) 456-4010 for an appointment at our **outreach office** at Cadillac Place in Detroit.